



NEWS RELEASE

Vectrus Announces Strong Second Quarter Results; Increases Revenue and Adjusted Diluted EPS Guidance

8/10/2021

- Q2 revenue +40% Y/Y to \$471 million; Organic revenue(1) +21% Y/Y
- Operating margin of 4.8%; Adjusted EBITDA margin(1) of 5.6%
- Q2 fully diluted EPS of \$1.35; Adjusted diluted EPS(1) of \$1.52
- Increasing 2021 revenue and adjusted diluted EPS(1) guidance
- Pacific region activities driving incremental revenue growth under LOGCAP V
- Successfully phased-in new task orders to provide sustainment services in the Middle East

COLORADO SPRINGS, Colo., Aug. 10, 2021 /PRNewswire/ -- Vectrus, Inc. (NYSE: VEC) announced strong second quarter 2021 financial results.

"Our second quarter results are demonstrative of Vectrus' ability to provide mission critical and rapid response converged solutions across all time zones and operational environments," said Chuck Prow, Chief Executive Officer of Vectrus.

"During the quarter, revenue grew 40% year-over-year, with organic revenue growth of 21%," said Prow. "Our strong organic revenue growth in the quarter was driven partly by the successful performance and execution of a task order to support an important training initiative based in the Indo-Pacific region, as well as achieving full operational capability under our new LOGCAP V CENTCOM task order in Iraq."

"Our adjusted EBITDA margin in the second quarter was strong, reaching 5.6%," said Prow. "Our year-to-date adjusted EBITDA margin is 5.2%, which is driven in part by the continued focus on operationalizing our enterprise

performance improvement initiatives and demonstrates Vectrus' ability to expand margins over time."

"LOGCAP V continues to gain momentum and during the quarter we successfully achieved full operational capability in Iraq," said Prow. "This transition represents a significant milestone for Vectrus and our employees that worked around the clock in challenging environments to ensure client success. We look forward to serving as the Army's preferred source for base operations support and sustainment services in Iraq over the next several years."

Prow continued, "In terms of INDOPACOM, we are experiencing growth executing task orders to support mission requirements in the region. We expect growth to continue as we ramp up operations in Kwajalein and become fully operational by mid-2022."

"We are also continuing to execute client campaigns by inserting innovative technology-based solutions into infrastructure and creating value through mission effectiveness and cost reduction," said Prow. "In the second quarter, we were awarded a position on the U.S. Navy Supply Systems Command Worldwide Expeditionary Multiple Award IDIQ Contract² (WEXMAC). WEXMAC provides worldwide expeditionary supplies and services to support humanitarian and disaster relief, military exercises, and contingencies in 22 geographic regions. This award builds on our position under the Naval Facilities Engineering Command Global Contingency Services Multiple Award IDIQ Contract II, which has been an instrumental part of our Navy campaign. Importantly, WEXMAC represents another avenue to access this important client and we see significant opportunity to leverage Vectrus' geographic positioning to support future opportunities under this new contract."

"Additionally, we continue to focus on advancing our presence with the Air Force and in the second quarter won two new firm-fixed-price task orders valued at \$40 million to provide installation and other support services, which were awarded under the Air Force Contract Augmentation Program V, or AFCAP V, which is a \$6.4 billion IDIQ contract vehicle that provides contingency planning, deploying, training, and equipping of forces; emergency and contingency construction; and logistics and commodities and services," said Prow.

Second Quarter 2021 Results

Second quarter 2021 revenue of \$470.8 million was up \$134.8 million year-on-year or 40.1% as compared to the same period last year. Revenue grew by \$64.4 million year-over-year as a result of the two acquisitions on December 31, 2020 and grew \$70.4 million organically.

Operating income was \$22.6 million or 4.8% margin. Adjusted operating income¹ was \$25.0 million or 5.3% margin.

Adjusted EBITDA¹ was \$26.6 million or 5.6% margin. "Margin improved 360 basis points year-over-year in the second quarter and 210 basis points year-to-date," said Susan Lynch, Senior Vice President and Chief Financial

Officer. "Our strong first half results were driven by the ongoing execution of our enterprise performance improvement initiatives, recent acquisitions, our team's success converting certain cost-plus components of a contract to fixed price and continued focus on prudently managing our cost structure. We remain focused on transforming Vectrus into a higher margin business and our second quarter and year-to-date performance reflects our ability to expand margins over time."

Fully diluted EPS for the second quarter of 2021 was \$1.35 as compared to \$0.09 cents in the same period last year. Adjusted diluted EPS¹, which adds back amortization of acquired intangible assets, was \$1.52 for the quarter, as compared to \$0.31 cents in the prior year. The increase in diluted EPS was driven by the company's improved operating performance and two recent acquisitions.

Lynch continued, "Our results year-to-date are representative of Vectrus' ability to generate substantial growth and earnings power. The second quarter results demonstrate our organic ability and how our strategic acquisitions are transforming the company into a higher value, growth-oriented platform. Our thoughtful deployment of capital is adding value from both an operational and financial perspective and we believe our strong balance sheet positions Vectrus to pursue future opportunities that align with our strategy and increase shareholder value."

Cash provided by operating activities through July 2, 2021 was \$14.0 million. Operating cash flow decreased year on year primarily due to the CARES Act Benefit in Q2'20 of \$13 million in addition to the working capital requirements associated with several new program phase-ins.

Net debt at July 2, 2021 was \$105.2 million, up \$100.4 million from July 3, 2020. Total debt at July 2, 2021 was \$175.0 million, up \$107.5 million from \$67.5 million at July 3, 2020. Both net and total debt were up due to the acquisitions of Zenetex and HHB on December 31, 2020. Cash at quarter-end was \$69.8 million. Total consolidated indebtedness to consolidated EBITDA¹ (total leverage ratio) was 1.76x.

Total backlog as of July 2, 2021 was \$4.9 billion and funded backlog was \$1.3 billion. The trailing twelve-month book-to-bill was 1.2x as of July 2, 2021.

Increasing 2021 Revenue and EPS Guidance

Lynch continued, "In light of our strong year-to-date performance, we are increasing the revenue and diluted EPS guidance ranges." Guidance for 2021 is as follows:

	2020		2021	2021 Mid-Point

\$ millions, except for EBITDA margins and per share amounts	Actual	2021 Guidance		Mid-Point	vs 2020
Revenue	\$1,396	\$1,745	to \$1,780	\$1,762	26.2%
Operating Income Margin	3.1%	3.7%	to 3.9%	3.8%	
Adjusted EBITDA Margin ¹	4.0%	4.8%	to 5.0%	4.9%	70 bps
Earnings Per Share	\$3.14	\$3.87	to \$4.18	\$4.02	90 bps 28.0%
Adjusted Diluted Earnings Per Share ¹	\$3.36	\$4.76	to \$5.07	\$4.92	46.4%
Net Cash Provided by Operating Activities	\$64.1	\$58.0	to \$65.0	\$61.5	(4.1%)

Forward-looking statements are based upon current expectations and are subject to factors that could cause actual results to differ materially from those suggested here, including those factors set forth in the Safe Harbor Statement below.

Second Quarter 2021 Conference Call

Management will conduct a conference call with analysts and investors at 4:30 p.m. ET on Tuesday, August 10, 2021. U.S.-based participants may dial in to the conference call at 877-407-0792, while international participants may dial 201-689-8263. A live webcast of the conference call as well as an accompanying slide presentation will be available on the Vectrus Investor Relations website at <http://investors.vectrus.com> or <https://www.webcaster4.com/Webcast/Page/1431/42374>.

A replay of the conference call will be posted on the Vectrus website shortly after completion of the call and will be available for one year. A telephonic replay will also be available through August 24, 2021, at 844-512-2921 (domestic) or 412-317-6671 (international) with passcode 13721935.

Footnotes:

¹ See "Key Performance Indicators and Non-GAAP Financial Measures" for reconciliation.

² WEXMAC is currently under protest.

About Vectrus

For more than 70 years, Vectrus has provided critical mission support for our customers' toughest operational challenges. As a high-performing organization with exceptional talent, deep domain knowledge, a history of long-term customer relationships, and groundbreaking technical expertise, we deliver innovative, mission-matched solutions for our military and government customers worldwide. Whether it's base operations support, supply

chain and logistics, IT mission support, engineering and digital integration, security, or maintenance, repair, and overhaul, our customers count on us for on-target solutions that increase efficiency, reduce costs, improve readiness, and strengthen national security. Vectrus is headquartered in Colorado Springs, Colo., and includes approximately 9,200 employees spanning 206 locations in 27 countries. In 2020, Vectrus generated sales of \$1.4 billion. For more information, visit the company's website at www.vectrus.com or connect with Vectrus on Facebook, Twitter, and LinkedIn.

Safe Harbor Statement

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 (the "Act"): Certain material presented herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Act. These forward-looking statements include, but are not limited to, all of the statements and items listed in the table in "2021 Guidance" above and other assumptions contained therein for purposes of such guidance, other statements about our 2021 performance outlook, five-year growth plan, revenue, DSO, contract opportunities, the potential impact of COVID-19, and any discussion of future operating or financial performance.

Whenever used, words such as "may," "are considering," "will," "likely," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "could," "potential," "continue," "goal" or similar terminology are forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management.

These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside our management's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. For a discussion of some of the risks and important factors that could cause actual results to differ from such forward-looking statements, see the risks and other factors detailed from time to time our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other filings with the U.S. Securities and Exchange Commission.

We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

VECTRUS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands, except per share data)	Three Months Ended		Six Months Ended	
	July 2,	July 3,	July 2,	July 3,
	2021	2020	2021	2020
Revenue	\$ 470,845	\$ 336,063	\$ 904,849	\$ 687,797
Cost of revenue	422,660	311,817	816,308	631,510
Selling, general, and administrative expenses	25,605	21,816	49,427	41,374
Operating income	22,580	2,430	39,114	14,913
Interest expense, net	(2,253)	(1,346)	(4,186)	(3,048)
Income from operations before income taxes	20,327	1,084	34,928	11,865
Income tax (benefit) expense	4,393	(27)	6,946	2,086
Net income	\$ 15,934	\$ 1,111	\$ 27,982	\$ 9,779
Earnings per share				
Basic	\$ 1.36	\$ 0.10	\$ 2.40	\$ 0.84
Diluted	\$ 1.35	\$ 0.09	\$ 2.37	\$ 0.83
Weighted average common shares outstanding - basic	11,715	11,607	11,681	11,575
Weighted average common shares outstanding - diluted	11,828	11,745	11,823	11,742

VECTRUS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands, except share information)	July 2,	December 31,
	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 69,803	\$ 66,949

Restricted cash	—	1,778
Receivables	353,813	314,959
Other current assets	27,594	24,702
Total current assets	<u>451,210</u>	<u>408,388</u>
Property, plant, and equipment, net	<u>22,612</u>	<u>22,573</u>
Goodwill	317,608	339,702
Intangible assets, net	68,818	48,105
Right-of-use assets	26,997	18,718
Other non-current assets	8,902	6,325
Total non-current assets	<u>444,937</u>	<u>435,423</u>
Total Assets	<u>\$ 896,147</u>	<u>\$ 843,811</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 175,002	\$ 159,586
Compensation and other employee benefits	90,646	79,568
Short-term debt	9,800	8,600
Other accrued liabilities	41,223	40,657
Total current liabilities	<u>316,671</u>	<u>288,411</u>
Long-term debt, net	<u>163,997</u>	<u>168,751</u>
Deferred tax liability	39,709	39,386
Other non-current liabilities	42,946	42,325
Total non-current liabilities	<u>246,652</u>	<u>250,462</u>
Total liabilities	<u>563,323</u>	<u>538,873</u>
Commitments and contingencies (Note 10)		
Shareholders' Equity		
Preferred stock; \$0.01 par value; 10,000,000 shares authorized; No shares issued and outstanding	—	—
Common stock; \$0.01 par value; 100,000,000 shares authorized; 11,724,430 and 11,624,717 shares issued and outstanding as of July 2, 2021 and December 31, 2020, respectively	117	116
Additional paid in capital	84,650	82,823
Retained earnings	250,008	222,026
Accumulated other comprehensive loss	(1,951)	(27)

Total shareholders' equity	332,824	304,938
Total Liabilities and Shareholders' Equity	\$ 896,147	\$ 843,811

VECTRUS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	Six Months Ended	
	July 2,	July 3,
	2021	2020
Operating activities		
	\$ 27,982	\$ 9,779
Net income		
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation expense	3,097	1,971
Amortization of intangible assets	4,891	2,028
Loss on disposal of property, plant, and equipment	60	—
Stock-based compensation	4,923	5,411
Amortization of debt issuance costs	463	193
Changes in assets and liabilities:		
Receivables	(38,882)	9,429
Other assets	(4,063)	(7,938)
Accounts payable	18,784	(6,021)
Deferred taxes	370	(2,735)
Compensation and other employee benefits	11,285	7,037
Other liabilities	(14,884)	15,252
Net cash provided by operating activities	14,026	34,406
Investing activities		

	(4,833)	(2,246)
Purchases of capital assets and intangibles	16	—
Proceeds from the disposition of assets	262	—
Business acquisition purchase price adjustment	(1,846)	—
Contribution to joint venture		
	<u>(6,401)</u>	<u>(2,246)</u>
Net cash used in investing activities		
Financing activities		
	(4,000)	(3,000)
Repayments of long-term debt	215,000	144,000
Proceeds from revolver	(215,000)	(144,000)
Repayments of revolver	113	59
Proceeds from exercise of stock options	(17)	—
Payments of debt issuance costs	(2,272)	(1,873)
Payments of employee withholding taxes on share-based compensation		
	<u>(6,176)</u>	<u>(4,814)</u>
Net cash used in financing activities		
Exchange rate effect on cash	(373)	55
	<u>1,076</u>	<u>27,401</u>
Net change in cash, cash equivalents and restricted cash		
Cash, cash equivalents and restricted cash-beginning of year	68,727	35,318
	<u>\$ 69,803</u>	<u>\$ 62,719</u>
Cash, cash equivalents and restricted cash-end of period		
Supplemental disclosure of cash flow information:		
Interest paid	\$ 3,111	\$ 2,527
Income taxes paid	<u>\$ 5,747</u>	<u>\$ 70</u>
Purchase of capital assets on account	<u>\$ 618</u>	<u>\$ 447</u>

Key Performance Indicators and Non-GAAP Measures

The primary financial performance measures we use to manage our business and monitor results of operations are revenue trends and operating income trends. Management believes that these financial performance measures are the primary drivers for our earnings and net cash from operating activities. Management evaluates its contracts and business performance by focusing on revenue, operating income, and operating margin. Operating income represents revenue less both cost of revenue and selling, general and administrative (SG&A) expenses. Cost of

revenue consists of labor, subcontracting costs, materials, and an allocation of indirect costs, which includes service center transaction costs. SG&A expenses consist of indirect labor costs (including wages and salaries for executives and administrative personnel), bid and proposal expenses and other general and administrative expenses not allocated to cost of revenue. We define operating margin as operating income divided by revenue.

We manage the nature and amount of costs at the program level, which forms the basis for estimating our total costs and profitability. This is consistent with our approach for managing our business, which begins with management's assessing the bidding opportunity for each contract and then managing contract profitability throughout the performance period.

In addition to the key performance measures discussed above, we consider adjusted operating income, adjusted operating margin, adjusted net income, adjusted diluted earnings per share, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, and organic revenue to be useful to management and investors in evaluating our operating performance, and to provide a tool for evaluating our ongoing operations. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives. We provide this information to our investors in our earnings releases, presentations, and other disclosures.

Adjusted operating income, adjusted operating margin, adjusted net income, adjusted diluted earnings per share, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, and organic revenue, however, are not measures of financial performance under GAAP and should not be considered a substitute for operating income, operating margin, net income and diluted earnings per share as determined in accordance with GAAP. Definitions and reconciliations of these items are provided below.

- Adjusted operating income is defined as operating income, adjusted to exclude items that may include, but are not limited to significant charges or credits, and unusual and infrequent non-operating items, such as M&A transaction and LOGCAP V pre-operational legal costs, and amortization of acquired intangible assets that impact current results but are not related to our ongoing operations.
- Adjusted operating margin is defined as adjusted operating income divided by revenue.
- Adjusted net income is defined as net income, adjusted to exclude items that may include, but are not limited to, significant charges or credits, and unusual and infrequent non-operating items, such as M&A transaction and LOGCAP V pre-operational legal costs, and amortization of acquired intangible assets that impact current results but are not related to our ongoing operations.
- Adjusted diluted earnings per share is defined as adjusted net income divided by the weighted average diluted common shares outstanding.
- EBITDA is defined as operating income, adjusted to exclude depreciation and amortization.

- Adjusted EBITDA is defined as EBITDA, adjusted to exclude items that may include, but are not limited to, significant charges or credits and unusual and infrequent non-operating items, such as M&A transaction and LOGCAP V pre-operational legal costs that impact current results but are not related to our ongoing operations.
- EBITDA margin is defined as EBITDA divided by revenue.
- Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue.
- Organic revenue is defined as revenue, adjusted to exclude revenue from acquired companies.

Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

(\$ in thousands, except per share data)	Three Months Ended July 2, 2021 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of acquired intangible assets	Three Months Ended July 2, 2021 As Reported - Adjusted
Revenue	\$ 470,845	\$ —	\$ —	\$ —	\$ 470,845
Growth	40.1 %				40.1 %
Operating income	\$ 22,580	\$ —	\$ 21	\$ 2,436	\$ 25,037
Operating margin	4.8 %				5.3 %
Interest expense, net	\$ (2,253)	\$ —	\$ —	\$ —	\$ (2,253)
Income from operations before income taxes	\$ 20,327	\$ —	\$ 21	\$ 2,436	\$ 22,784
Income tax expense	\$ 4,393	\$ —	\$ 4	\$ 463	\$ 4,860
Income tax rate	21.6 %				21.3 %
Net income	\$ 15,934	\$ —	\$ 17	\$ 1,973	\$ 17,924
Weighted average common shares outstanding, diluted	11,828				11,828
Diluted earnings per share	\$ 1.35	\$ —	\$ —	\$ 0.17	\$ 1.52

EBITDA (Non-GAAP Measures)

(\$ in thousands)	Three Months Ended July 2, 2021 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of acquired intangible assets	Three Months Ended July 2, 2021 As Reported - Adjusted
Operating Income	\$ 22,580	\$ —	\$ 21	\$ 2,436	\$ 25,037
Add:					
Depreciation and amortization	\$ 3,991	\$ —	\$ —	\$ (2,436)	\$ 1,555
EBITDA	\$ 26,571	\$ —	\$ 21	\$ —	\$ 26,592
EBITDA Margin	5.6 %				5.6 %

Adjusted Net Income,
Adjusted Diluted Earnings Per
Share (Non-GAAP Measures)

(\$ in thousands, except per share data)	Three Months Ended July 3, 2020 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of acquired intangible assets	Three Months Ended July 3, 2020 As Reported - Adjusted
Revenue	\$ 336,063	\$ —	\$ —	\$ —	\$ 336,063
Operating income	\$ 2,430	\$ 2,193	\$ 46	\$ 1,013	\$ 5,682
Operating margin	0.7 %				1.7 %
Interest expense, net	\$ (1,346)	\$ —	\$ —	\$ —	\$ (1,346)
Income from operations before income taxes	\$ 1,084	\$ 2,193	\$ 46	\$ 1,013	\$ 4,336
Income tax expense	\$ (27)	\$ 504	\$ 11	\$ 171	\$ 659
Income tax rate	(2.5) %				15.2 %

Net income	\$ 1,111	\$ 1,689	\$ 35	\$ 842	\$ 3,677
Weighted average common shares outstanding, diluted	11,745				11,745
Diluted earnings per share	\$ 0.09	\$ 0.14	\$ —	\$ 0.07	\$ 0.31
EBITDA (Non-GAAP Measures)					
(\$ in thousands)	Three Months Ended July 3, 2020 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of acquired intangible assets	Three Months Ended July 3, 2020 As Reported - Adjusted
Operating Income	\$ 2,430	\$ 2,193	\$ 46	\$ 1,013	\$ 5,682
Add:					
Depreciation and amortization	\$ 1,988	\$ —	\$ —	\$ (1,013)	\$ 975
EBITDA	\$ 4,418	\$ 2,193	\$ 46	\$ —	\$ 6,657
EBITDA Margin	1.3 %				2.0 %

Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

(\$ in thousands, except per share data)	Six Months Ended July 2, 2021 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of acquired intangible assets	Six Months Ended July 2, 2021 As Reported - Adjusted
Revenue	\$ 904,849	\$ —	\$ —	\$ —	\$ 904,849
Growth	31.6%				31.6%
Growth	%				1 %

Operating income	\$ 39,114	\$ —	\$ 178	\$ 4,891	\$ 44,183
Operating margin	4.3 %				4.9 %
Interest expense, net	\$ (4,186)	\$ —	\$ —	\$ —	\$ (4,186)
Income from operations before income taxes	\$ 34,928	\$ —	\$ 178	\$ 4,891	\$ 39,997
Income tax expense	\$ 6,946	\$ —	\$ 34	\$ 929	\$ 7,909
Income tax rate	19.9 %				19.8 %
Net income	\$ 27,982	\$ —	\$ 144	\$ 3,962	\$ 32,088
Weighted average common shares outstanding, diluted	11,823				11,823
Diluted earnings per share	\$ 2.37	\$ —	\$ 0.01	\$ 0.33	\$ 2.71
EBITDA (Non-GAAP Measures)					
	Six Months Ended July 2, 2021 As Reported	M&A Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of acquired intangible assets	Six Months Ended July 2, 2021 As Reported - Adjusted
(\$ in thousands)					
Operating Income	\$ 39,114	\$ —	\$ 178	\$ 4,891	\$ 44,183
Add:					
Depreciation and amortization	\$ 7,989	\$ —	\$ —	\$ (4,891)	\$ 3,097
EBITDA	\$ 47,103	\$ —	\$ 178	\$ —	\$ 47,280
EBITDA Margin	5.2 %				5.2 %

Adjusted Net Income,
Adjusted Diluted Earnings Per
Share (Non-GAAP Measures)

(\$ in thousands, except per share data)	Six Months Ended July 3, 2020 As Reported	M&A Related Costs	LOGCAP V Pre- Operational Legal Costs	Amortization of acquired intangible assets	Six Months Ended July 3, 2020 As Reported - Adjusted
Revenue	\$ 687,797	\$ —	\$ —	\$ —	\$ 687,797
Operating income	\$ 14,913	\$ 2,193	\$ 187	\$ 2,028	\$ 19,321
Operating margin	2.2 %				2.8 %
Interest expense, net	\$ (3,048)	\$ —	\$ —	\$ —	\$ (3,048)
Income from operations before income taxes	\$ 11,865	\$ 2,193	\$ 187	\$ 2,028	\$ 16,273
Income tax expense	\$ 2,086	\$ 504	\$ 39	\$ 342	\$ 2,971
Income tax rate	17.6 %				18.3 %
Net income	\$ 9,779	\$ 1,689	\$ 148	\$ 1,686	\$ 13,302
Weighted average common shares outstanding, diluted	11,742				11,742
Diluted earnings per share	\$ 0.83	\$ 0.14	\$ 0.01	\$ 0.14	\$ 1.13
EBITDA (Non-GAAP Measures)					
(\$ in thousands)	Six Months Ended July 3, 2020 As Reported	M&A Related Costs	LOGCAP V Pre- Operational Legal Costs	Amortization of acquired intangible assets	Six Months Ended July 3, 2020 As Reported - Adjusted
Operating Income	\$ 14,913	\$ 2,193	\$ 187	\$ 2,028	\$ 19,321
Add:					
Depreciation and amortization	\$ 3,999	\$ —	\$ —	\$ (2,028)	\$ 1,971
EBITDA	\$ 18,912	\$ 2,193	\$ 187	\$ —	\$ 21,292
EBITDA Margin	2.7 %				3.1 %

(\$ In thousands)	Three Months Ended July 2, 2021 As Reported	Three Months Ended July 2, 2021 Zenetex & HHB	Three Months Ended July 2, 2021 As Reported - Organic
Revenue	\$ 470,845	\$ 64,397	\$ 406,448
(\$ In thousands)	Three Months Ended July 3, 2020 As Reported	Three Months Ended July 3, 2020 Zenetex & HHB	Three Months Ended July 3, 2020 As Reported - Organic
Revenue	\$ 336,063	\$ —	\$ 336,063
Organic Revenue \$			\$ 70,385
Organic Revenue %			20.9 %

(\$ In thousands)	Six Months Ended July 2, 2021 As Reported	Six Months Ended July 2, 2021 Zenetex & HHB	Six Months Ended July 2, 2021 As Reported - Organic
Revenue	\$ 904,849	\$ 133,266	\$ 771,583
(\$ In thousands) <th>Six Months Ended July 3, 2020 As Reported</th> <th>Six Months Ended July 3, 2020 Zenetex & HHB</th> <th>Six Months Ended July 3, 2020 As Reported - Organic</th>	Six Months Ended July 3, 2020 As Reported	Six Months Ended July 3, 2020 Zenetex & HHB	Six Months Ended July 3, 2020 As Reported - Organic
Revenue	\$ 687,797	\$ —	\$ 687,797
Organic Revenue \$			\$ 83,786
Organic Revenue %			12.2 %

SUPPLEMENTAL INFORMATION

Revenue by client branch, contract type, contract relationship, and geographic region for the periods presented below was as follows:

Revenue by Client

(In thousands)	Three Months Ended				Six Months Ended			
	July 2,		July 3,		July 2,		July 3,	
	2021	%	2020	%	2021	%	2020	%
Army	\$ 310,638	66 %	\$ 227,351	68 %	\$ 567,987	63 %	\$ 474,906	69 %
Air Force	63,206	13 %	78,321	23 %	141,375	16 %	151,663	22 %
Navy	56,399	12 %	14,542	4 %	112,827	12 %	29,779	4 %
Other	40,602	9 %	15,849	5 %	82,660	9 %	31,449	5 %
Total Revenue	\$ 470,845		\$ 336,063		\$ 904,849		\$ 687,797	

Revenue by Contract Type

(In thousands)	Three Months Ended				Six Months Ended			
	July 2,		July 3,		July 2,		July 3,	
	2021	%	2020	%	2021	%	2020	%
Cost-plus and cost-reimbursable ¹	\$ 359,429	76 %	\$ 242,740	72 %	\$ 664,676	73 %	\$ 499,059	73 %
Firm-fixed-price	111,416	24 %	93,323	28 %	240,173	27 %	188,738	27 %
Total Revenue	\$ 470,845		\$ 336,063		\$ 904,849		\$ 687,797	

¹ Includes time and material contracts

Revenue by Contract Relationship

Three Months Ended

Six Months Ended

(In thousands)	July 2,		July 3,		July 2,		July 3,	
	2021	%	2020	%	2021	%	2020	%
Prime contractor	\$ 440,040	93 %	\$ 314,345	94 %	\$ 843,303	93 %	\$ 647,738	94 %
Subcontractor	30,805	7 %	21,718	6 %	61,546	7 %	40,059	6 %
Total Revenue	\$ 470,845		\$ 336,063		\$ 904,849		\$ 687,797	

Revenue by Geographic Region

(In thousands)	Three Months Ended				Six Months Ended			
	July 2,		July 3,		July 2,		July 3,	
	2021	%	2020	%	2021	%	2020	%
Middle East	\$ 258,488	55 %	\$ 215,968	64 %	\$ 498,500	55 %	\$ 453,905	66 %
United States	146,549	31 %	82,670	25 %	296,362	33 %	162,921	24 %
Europe	36,084	8 %	35,533	11 %	76,706	8 %	68,063	10 %
Asia	29,724	6 %	1,892	1 %	33,281	4 %	2,908	0 %
Total Revenue	\$ 470,845		\$ 336,063		\$ 904,849		\$ 687,797	

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